

**Proposed Substantial Amendment to
the 2008-2012 Consolidated Plan, including
the 2008 Annual Action Plan
For the
Neighborhood Stabilization Program**

DeKalb County, Georgia

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The Department of Housing and Urban Development (HUD) requires a fifteen day period
(June 24 – July 9, 2010) for the purpose of obtaining public comments.

DeKalb County DUNS Number: **061420535**

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Proposed Substantial Amendment to the 2008-2012 Consolidated Plan, including the 2008 Annual Action Plan For the Neighborhood Stabilization Program

The purpose of this amendment is to revise the original budget so that more funds can be used in the appropriate categories to acquire, rehabilitate and sell foreclosed homes and meet the Neighborhood Stabilization Program on targeting timeliness of obligation. The revised NSP budgeted amounts and the associated projected numbers of units are based on market conditions, housing inventories, and pricing. The proposed budgets amendment reflects the changes in these factors during implementation phase.

Proposed NSP Budget Amendment Summary (June 2010)

(Page 15 of 47 in the original submission)

NSP Item	Activity	Original Proposed Funding (October 2008)	Proposed Adjusted Funding (June 2010)	Activity 25% for 50% of AMI	Private Funding
A	Establish Funding Mechanisms for the purchase and redevelopment of foreclosed upon homes and residential properties	\$7,500,020	\$5,990,512	\$4,890,512	\$4,000,000 ¹ \$4,700,000 ²
B	Purchase and Rehab Abandoned or Foreclosed Homes	\$7,690,492	\$10,700,000	\$0	\$8,560,000
C	Establish Land Banks for Foreclosed Homes	\$500,000	\$0		Private funds will not be used in this activity
D	Demo Blighted Structures	\$500,000	\$0		Private funds will not be used in this activity
E	Redevelop Demolished or Vacant Properties	\$500,000	\$0		Private funds will not be used in this activity
	Administration	\$1,854,501	\$1,854,501		Private funds will not be used in this activity
	TOTAL	\$18,545,013	\$18,545,013	\$4,890,512 (26.37%) (Included in Totals)	Private funds will not be used in this activity

Note: Budget adjustments may be necessary to satisfy the NSP requirements on targeting timeliness of expenditures, and/or other program objectives. The NSP budgeted amounts and the associated projected numbers of units are based on current market conditions, housing inventories, and pricing. Budgets may change at implementation due to changes in these factors.

¹ This amount represents private funding for single family properties.

² The amount represents private funding for multi-family properties.

**AMEND Activity A - Page 26 of 47 UNDER PERFORMANCE MEASURES AND TOTAL BUDGET
SECTION TO BE AS FOLLOW:**

(6) Performance Measures: (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

Response

Performance measurements were developed based on the budget assumptions shown in Question 7, below. Displayed below is a summary of the matrix that we will use for tracking the activities delineated under the activity, Financing Mechanisms.

Financing Mechanisms Performance Measurement			
# of Single Family Loans for <50% AMI	# of Loans for 50% - 80% AMI	# of Loans for 81%-120% AMI	# of Multi-family Loans
0	24 Loans	16 Loans	1³

(7) Total Budget: (Include public and private components)

Response

See Question B, Page 14, for the “Proposed NSP Budget Summary”.

**Financing Mechanism for the Purchase and Redevelopment of
Foreclosed Properties**

Total Activity Budget	Allocation for < 50% of AMI	Allocation for <120% of AMI
\$5,990,512	\$4,890,512	\$1,100,000

Assumptions: Allocation for < 50% of the Area Median Income (AMI) = \$4,890,512
The total budget for Financing Mechanism is \$5,990,512 NSP funds.

The County plans to allocate approximately \$4.89 million to finance properties with multi-family units targeted at households at 50%AMI. It is very likely that moderate or substantial rehabilitation (rehab) will be needed. The funding source for the required rehabilitation will be leveraged funds. The funding mechanism will be a developer loan with the repayment terms palatable enough to maintain affordable rents for persons with low income, moderate income, and middle income. The rehab will be managed by the

³ The County will evaluate multi-family project alternatives and implement the best alternative. Multiple properties may be financed.

developer with HOME affordability periods consistent with NSP required affordability periods. The County anticipates that the aggregate private funding for these properties will equal \$9 million to \$13 million. The number of 50% AMI level units in each property will be in proportion to the NSP funds invested (for 50%AMI) in comparison to the total project cost.

Assumption: Allocation for < 120 % of Area Median Income (AMI) = \$1,100,000

Our strategy for funding mechanisms related to the allocation of funds for income eligible individuals greater (>) than 50% of AMI up to a maximum of 120% is as follows:

- Assist a significant number of families in the purchase of single-family foreclosed homes with down payment assistance and closing cost.
- Identify at least 40 families that have been certified by a HUD approved counseling agency.
- Provide second mortgages with deferred payments to allow eligible individuals to obtain mortgages from lending institutions at 80% of sales price.
- Use \$125,000 as the average discounted sales price for providing the second mortgages. Five thousand dollars will be the maximum closing cost coverage per loan.
- Details for funding mechanisms to purchase and redevelop foreclosed properties will be established no later than January 31, 2009.
- The anticipated private funds leveraged for this activity when buyers get mortgages will generate approximately \$100,000 per single family home for a total of \$4,000,000.
- NSP funds in this category may be used to develop properties that serve households with incomes 50%>120% AMI. The County may adjust the budget accordingly, if necessary.

AMENDED Activity B - Page 31 of 47 UNDER PERFORMANCE MEASURES AND TOTAL BUDGET SECTION TO BE AS FOLLOW:

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

Response

Performance measurements were developed under the assumption that the County will invest an average of \$137,330 per single-family unit for the purpose of purchase/rehabilitation. The matrix below displays the objectives for this activity.

Purchase and Rehab Homes and Residential Properties Performance Measurement		
# of Homes for <50% AMI	# of Homes for 50% - 80% AMI	# of Homes for 81%-120% AMI
0 Homes	36 Homes	36 Homes

(7) Total Budget: (Include public and private components)

Response

See Question B, Page 14, for the “Proposed NSP Budget Summary”

Purchase and Rehab Homes and Residential Properties

Total Activity Budget	Allocation for < 50% of AMI	Allocation for <120% AMI
\$10,700,000	\$0	\$10,700,000

Assumption: Allocation for < 50% of the Area Median Income (AMI) = \$0

The total budget for Purchase and Rehabilitation for Homes and Residential Properties is \$10,700,000 NSP funds.

The estimated amount of private funds that will be leveraged for this activity is \$8,560,000, based on buyers receiving mortgages for 80% of the amount of NSP funds invested. This revenue will be reused for eligible NSP projects in this activity. DeKalb County is requesting that HUD grant a waiver to allow the County to continue using program income and other revenue beyond June 30, 2013.

Assumption: Allocation for <120% of the Area Median Income = \$10,700,000

Our strategy for Purchase and Rehabilitation of properties related to the allocation of funds for income eligible individuals greater (>) than 50% of AMI up to a maximum of 120% is as follows:

- Assist a significant number of families in the purchase/ rehab and subsequent selling of single-family foreclosed homes.**
- Identify at least 72 families that have been certified by a HUD approved counseling agency.**

- The appraised value of each property is equal to the amount invested in the property.
- Sell all properties at a 15% average discount below the appraisal values.
- For planning purposes, the average discounted sale price is \$116,730.
- All eligible buyers will obtain private financing and will be represented by reputable real estate brokers.

AMEND ACTIVITY C - PAGE 38 OF 47 UNDER PERFORMANCE MEASURES AND TOTAL BUDGET SECTION TO BE AS FOLLOW:

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

Response

The performance measures were developed using the assumption that the County will invest an average of \$125,000 per unit for the acquisition activity.

Land Bank Activity Performance Measurements	
Number of Properties Purchased with Allocated Funding	0 Units

(7) Total Budget: (Include public and private components)

Response

See Question B, Page 14, for the “Proposed NSP Budget Summary”.

The total budget for Land Banks is \$0 NSP funds. There are no private funds in this activity.

Land Bank Activity Budget	\$0
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**AMEND ACTIVITY D - PAGE 41 OF 47 UNDER PERFORMANCE MEASURES AND TOTAL BUDGET
SECTION TO BE AS FOLLOW:**

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

Response

The performance measures have been developed using the assumption that the County may best serve the community through the demolition of blighted homes that it acquired through Activity B, Purchase and Rehabilitation of Abandoned or Foreclosed Homes. The County also assumes that the demolition cost for single family will average \$17,500. This dollar amount includes site plans, inspections and contingencies. Based on those assumptions the following chart outlines our performance measurements for this activity.

Demolish Blighted Structures Activity Performance Measurements	
Number of Properties Demolished with Allocated Funding	0 Units

(7) Total Budget: (Include public and private components)

Response

See Question B, Page 14, for the "Proposed NSP Budget Summary".

The total budget for the Demo Blighted Structures activity is \$0 NSP funds. There are no private funds in this activity.

Demo Blighted Structures Activity	\$0
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**AMEND ACTIVITY E - PAGE 45 OF 47 UNDER PERFORMANCE MEASURES AND TOTAL BUDGET
SECTION TO BE AS FOLLOW:**

(6) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent).

Response

The performance measures were developed with the assumption that the County will invest an average of \$125,000 per unit for the purchase and rehabilitation of

each unit. Based on those assumptions, the following chart outlines our performance measurements for this activity.

Redevelop Demolished or Vacant Properties Performance Measurement	
Number of Redeveloped Properties with allocated funding	0 Units

Using NSP funds to leverage other funds may enable the County to serve considerably more households depending on the activity type (new construction of single family homes or redevelopment of multifamily properties).

(7) Total Budget: (Include public and private components)

Response

See Question B, Page 14, for the “Proposed NSP Budget Summary”.

Redevelop Demolished or Vacant Properties	\$0
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Telephone